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## Vietnam

### Grain and Feed

### July Rice Update

**2003**

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**Report Highlights:** The report revises Vietnam's CY-2003 paddy production slightly up to 32.20 mmt due to higher production from the coming Summer-Autumn (S-A) crop. Relatively good domestic paddy prices have encouraged farmers in the Mekong River Delta to expand the S-A area and higher input use will increase the crop yield. Vietnam's 2003 rice exports are also revised up to 3.7 mmt as a result of stronger exports in the first six months of 2003 and competitive prices of coming offers of Viet rice. Rice trade data for the first 6 months of 2003 and the revised rice PS&D table are also provided.

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Includes PSD changes: No  
Includes Trade Matrix: Yes  
Unscheduled Report  
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## PRODUCTION

### 2003's winter-spring (W-S) rice crop

Farmers in Northern provinces have been completed the 2003's W-S rice. Post keeps estimate of the W-S rice production unchanged (see table 1)

### 2003's Summer-Autumn (S-A) rice crop

The 2003's S-A rice is being planted in the South. According to MARD's statistics, about 1,900 tha of the S-A rice was planted in Southern provinces as of June 25, 2003.

In the Mekong River Delta (MRD), high domestic paddy prices encouraged farmers to expand the S-A crop area and also to increase the input use. The S-A area in the MRD is estimated at 1,800 tha and the crop yield at 4.0 mt/ha. About 550 tha of the S-A has been harvested and the peak supply will be in the market from last week of July to the end of August.

Post revises Vietnam's 2003 S-A rice productions lightly up to 8,492 tmt from previous estimate at 8,200 tmt due to better crop production in the MRD.

Post revises Vietnam's CY-2003 total rice production slightly up to 32,208 tha because of the better S-A rice crop production expected (see table 1 and PS&D table).

### 2003/04's Lua Mua rice crop

#### The 2003/04 Lua Mua crop is being planted in the North.

Northern provinces will plant 1,180 tha in the 2003/04 Lua Mua of which 570 tha in the Red River Delta (RRD), 180 tha in the North coast; 330 tha in the North East and 100 tha in the North West. The crop yield is estimated at 4.46 mt/ha. More than 60% of the LuaMua production is from Northern provinces.

The 2003/04 Lua Mua production is estimated at level of 2002/03's crop (see table 1).

**Table 1: Vietnam Rough Rice Areas, Yield and Production** (revised-July, 2003)

	2002		2003		2004
Harvested Area (tha)	Old	New	Old	New	Estimate
Lua Mua (10th month)	2,243	2,243	2,170	2,170	2,170
Winter-Spring	3,004	3,004	3,000	3,000	3,000
Summer-Autumn	2,092	2,224	2,180	2,200	2,150
TOTAL	7,339	7,471	7,350	7,370	7,320
Yield (mt/ha)					
Lua Mua (10th Month)	3.58	3.58	3.74	3.74	3.74

Winter-Spring	5.19	5.19	5.20	5.20	5.24
Summer-Autumn	3.68	3.71	3.78	3.86	3.82
TOTAL	4.27	4.27	4.35	4.37	4.38
Production (tmt)					
Lua Mua (10th Month)	8,030	8,030	8,116	8,116	8,116
Winter-Spring	15,591	15,591	15,600	15,600	15,720
Summer-Autumn	7,699	8,251	8,240	8,492	8,213
TOTAL	31,319	31,872	31,956	32,208	32,049

Post also estimates Vietnam's 2004 rice area at 7,320 tha and the paddy production at around 32 mmt.

**PRICE      Exchange rate: VND 15,490 equal to \$1 as of July 16, 2003**

**Domestic prices**

In Northern province, price of paddy is stable at VND 1,700-2,000/kg. Rice supply in Northern provinces is abundant as the harvest of the W-S crop has just been completed.

In the MRD, prices of newly harvested S-A are ranging from VND 1,550 to 1,650/kg. Higher prices are offered for better quality paddy (export quality) at VND 1,750-1,800/kg. Prices of W-S paddy are even VND 50/kg higher than that of S-A paddy.

**Export prices**

On July 15, 2003, prices offered for 5% br. rice were \$181-183/mt (FOB HCMC) while prices for 10% br. rice and 15% br. rice were \$172 and \$165/mt respectively. The 25% br. rice was quoted at \$160/mt.

**TRADE**

**Vietnam rice export in the first 6 months of 2003**

According to Ministry of Trade (MOT), Vietnam's rice export in the first six months of 2003 is estimated at about 2.39 mmt with an export value of \$457 million.

From trade sources, Post has developed a table for Vietnam rice of which more than 1.3 mmt (or 63%) was shipped to Asian countries. Indonesia, Philippines were Asian leading importers of Vietnam rice that imported about 475 tmt and 364 tmt respectively. After several months of interruption, Vietnam resumed rice export to Iraq in April. Rice shipped to Iraq in April-May and June is estimated at 227 tmt (see table 2).

Africa was the second biggest market of Vietnam's rice that imported about 410 tmt of rice (or 19% of the total rice exported in the first six months of 2003).

**Table 2: Vietnam's January-June rice exports by grades and destinations (unit: mt)**

	5%	10%	15%	25%	100% br.	Glutinous	Jasmine	Unknown	Total
ASIA	409,238	56,360	498,019	334,342	1,652	7,828	920	35,500	1,343,859
In which: Indonesia	34,879	24,360	380,870	19,954	1,652	3,016	878	9,500	475,109
Philippines	34,400	2,000	19,950	303,768	0	1,292	0	3,000	364,410
Malaysia	44,027	20,950	17,796	7,350	0	2,340	0	0	92,463
Singapore	9,860	4,150	36,037	3,270	0	1,180	42	0	54,539
East Timor	120	2,450	8,320	0	0	0	0	0	10,890
Iraq	227,536	0	0	0	0	0	0	0	227,536
Iran	40,000	0	0	0	0	0	0	0	40,000
Syria	12,751	0	0	0	0	0	0	0	12,751
Yemen	0	0	0	0	0	0	0	0	0
North Korea	0	0	0	0	0	0	0	0	0
Japan	4,915	0	30,046	0	0	0	0	0	34,961
Cambodia	0	0	0	0	0	0	0	0	0
Hongkong	0	0	0	0	0	0	0	0	0
Others	750	2,450	5,000	0	0	0	0	23,000	31,200
AFRICAS	265,567	26,919	39,560	5,500	71,091	0	0	5,000	413,637
In which Tanzania	31,532	0	0	0	0	0	0	0	31,532
Senegal	4,725	6,050	7,075	0	59,912	0	0	0	77,762
Angola	5,500	16,041	0	0	0	0	0	0	21,541
Ruanda	0	1,500	7,000	1,500	0	0	0	0	10,000
Ghana/Ivory Coast	71,214	0	0	0	0	0	0	0	71,214
Others	152,596	3,328	25,485	4,000	11,179	0	0	5,000	201,588
EUROPE	0	48,578	0	0	0	0	0	7,000	55,578
In which: Russia	0	42,008	0	0	0	0	0	0	42,008
Ukraine	0	570	0	0	0	0	0	0	570
Poland	0	6,000	0	0	0	0	0	0	6,000
Others	0	0	0	0	0	0	0	7,000	7,000
AMERICA	0	0	38,200	128,620	0	0	0	0	166,820
In which: Cuba	0	0	38,200	128,620	0	0	0	0	166,820
AUSTRALIA	0	200	0	0	0	0	564	1,200	1,964
Unknown	4,000	21,500	3,007	5,000	3,000	0	0	132,000	150,507
TOTAL	678,805	153,557	578,786	473,462	75,743	7,828	1,484	162,700	2,150,365

Source: Traders

The quality of exported rice in the first six months of 2003 were 31% of 5% broken rice; 7% of 10% br. rice; 27% of 15% br. rice and 22% of 25% br. rice.

**Vietnam's 2003 rice export revised**

The Ministry of Trade (MOT) has increased their estimate of Vietnam's 2003 rice exports to 3.9

mmt from previous plan of 3.4 mmt. The positive adjustment is based on expectation of more import needs for Vietnam rice because of competitive prices. Apart from additional markets like the Philippines, Indonesia, the demand to import Vietnam's rice from other countries such as Iran, Nigeria is increasing. Iran agreed to buy 15,000 mt monthly starting from April 2003. Nigeria signed an agreement on purchasing Vietnam's rice for long term deal in near future.

African is considered a potential market for Vietnam's rice. Vietnam does expect some more orders from African countries. According to MOT, Vietnam's 2003 rice export to African countries should reach 670 tmt. The Ministry also petitioned the Government to give more incentive supports such as more low interest rate loan from the Development Fund to rice exporters who have direct rice export contracts to Africa.

According to traders, rice importers are turning to Vietnam due to low rice supply from India and Pakistan. The MOT estimates Vietnam's rice exports in the second half of the year at 1.6 mmt including 700 tmt of outstanding sales as of early July, 2003.

Post revises Vietnam's 2003 rice export to 3.7 mmt from previous estimate at 3.5 mmt (pls.see PS&D table)

**Table 3: Vietnam's Rice PS&D table**

PSD Table						
Country	Vietnam					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2002	Preliminary	2003	Forecast	2004
	Old	New	Old	New	Old	New
Market Year Begin		01/2002		01/2003		01/2004
Area Harvested	7,471	7,471	7,350	7,350	7,320	7,320
Beginning Stocks	843	843	1,168	1,169	926	926
Milled Production	21,036	21,036	21,090	21,257	21,153	21,153
Rough Production	31,872	31,872	31,955	32,208	32,049	32,049
MILLING RATE (.9999)	6,600	6,600	6,600	6,600	6,600	6,600
TOTAL Imports	20	20	0	0	0	0
Jan-Dec Imports	20	20	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	21,899	21,898	22,258	22,426	22,079	22,079
TOTAL Exports	3,100	3,230	3,500	3,700	3,500	3,500
Jan-Dec Exports	3,100	3,230	3,500	3,700	3,500	3,500
TOTAL Dom. Consumption	17,500	17,500	17,850	17,800	17,850	17,850
Ending Stocks	1,299	1,168	908	926	729	729
TOTAL DISTRIBUTION	21,899	21,898	22,258	22,426	22,079	22,079

## POLICY

**Rice exporters asked do not export rice at price lower than VND 1,500/kg (paddy price**

**equivalent)**

As indicated in the official letter No.1353/TM/XNK dated June 19, 2003, the MOT asked Vietnam Food Association (Vinafood) to advise rice exporters do not export rice at prices which is lower than VND 1,500/kg of paddy equivalent. The purpose of the move is to keep domestic paddy price stable and to protect rice farmers.

**The Government of Vietnam asked to increase export award for rice exporters.**

In order to promote rice exports, Ministry of Trade had petitioned the Government to increase export awards for key rice exporters.

On January 02, 2001, the former Trade Minister Vu Khoan signed Decree No.02/2002/QD-BTM on criteria for export awards. Accordingly, the following groups of exporters will be entitled to the export awards.

1. Enterprises who have new export items in international markets. The export value of the item must exceed \$100,000. For enterprises located in disadvantaged areas, the item export value must be more than \$50,000
2. Enterprises who have the annual export growth rate more than 20% with the absolute increasing value of \$400 thousand or more. For enterprises located in remote area, the export growth rate is 15% and the absolute increasing value of \$200 thousand.
3. Enterprises whose export item is awarded medals or certificate of quality products at international exhibitions.
4. Enterprises who utilize more than 60% local materials for producing export products or to create employments and earn export value of more than \$10 million per year. For handicraft, pork and vegetable exporters, the export value should be more than \$3 million per year.
5. Export quota implementing enterprises must have exceeding export value of more than \$50 million per year.

The award value for group 1 will be about 1% of the export value but it can not be more than VND 150 million. In group 2, 4 and 5, per each export commodity, top ten exporters will be selected. The award for these groups will be about VND 50 to 100 million per each exporter. For group 3, the award will be about VND 40 million per exporter. The total value awarded to one exporter can not exceed VND 300 million.

However, no decision has been made.

**Agricultural land use tax exempted for farmers.**

According to the Resolution No.15/2003/QH11 by the Vietnam National Assembly, agricultural land use tax will be exempted for three groups of farmers in the period of 2003-2010. The three groups of farmers include: (1) households, state-farm members and ag. cooperatives members who are allotted land for ag. production; (2) those farmers who contributed their land to ag. cooperatives for agricultural production and (3) poor farmers and ag.farmers in stricken areas. 50% land use tax will be cut for owners of other agricultural land who.

The new policy will contribute to reduction of agricultural production cost including the cost of

rice production.